

CITY MANAGER EMPLOYMENT AGREEMENT

This Employment Agreement (“Agreement”) is made and entered into on May 19, 2026, effective on July 1, 2026 (“Effective Date”), by and between the City of Sausalito, a municipal corporation, hereinafter referred to as “City” and Elaine Forbes, hereinafter referred to as “Forbes.” For purposes of this Agreement, City and Forbes may be collectively referred to as the “Parties” or individually as a “Party.”

RECITALS

1. It is the desire of the City Council to employ a qualified individual to serve in the position of City Manager, which position is prescribed by state law and the City's Municipal Code; and
2. The City Manager is the chief executive officer of the City, appointed by the City Council, to perform the functions and duties prescribed by law and further set forth in Chapter 2.08 of the Sausalito Municipal Code and in this Employment Agreement; and
3. Based on Forbes’ executive and administrative qualifications and ability, the City desires to employ Forbes to serve as the City Manager for the City, and Forbes desires to accept employment as the City Manager of the City of Sausalito; and
4. The Parties wish to enter into an Employment Agreement to set forth the rights and obligations of the parties, which shall supersede all prior negotiations, discussions, and agreements, and memorialize fully the terms and conditions of Forbes’ employment.

NOW, THEREFORE, IN CONSIDERATION OF PERFORMANCE BY THE PARTIES OF THE COVENANTS AND CONDITIONS HEREIN CONTAINED, THE PARTIES AGREE AS FOLLOWS:

SECTION I. EMPLOYMENT AND DUTIES

- A. City shall employ Forbes as City Manager to perform the functions and duties specified in applicable provisions of the California Government Code and Sausalito Municipal Code Chapter 2.08 and to perform such other legally permissible and proper duties and functions as the City Council shall from time to time assign. Forbes agrees to perform all such functions and duties to the best of her ability and in an efficient, competent, and ethical manner. Forbes will devote her best efforts and full-time attention to the performance of these duties.
- B. It is recognized that the position of City Manager is an executive management position which often requires more than a conventional forty-hour week to provide the desired level of professional service. It is further recognized that to properly fulfill her duties and responsibilities, Forbes will devote a considerable amount of time outside normal office hours to the business of the City. The position of City Manager will be deemed an exempt position under state and federal wage and hour laws. Forbes’ compensation (whether salary or benefits or other allowances) is not

based on hours worked and Forbes will not be entitled to any compensation at an overtime rate.

- B.** In accordance with Government Code Section 1126, during the period of her employment with the City, Forbes will not accept, without the express prior written consent of the City Council, any other employment or engage, directly or indirectly, in any other business, commercial, or professional activity for any other person or organization, whether for compensation or otherwise.

SECTION II. TERM AND EXTENSION

- A.** The Term of this Agreement shall be for three (3) years, from July 1, 2026 through June 30, 2029, unless terminated in accordance with Section V of the Agreement. Forbes acknowledges that she is employed in an "at-will" position and serves at the pleasure of the City Council subject only to the restrictions imposed by local ordinance and the terms and conditions of this Agreement.
- B.** This Agreement will automatically renew on the same terms as were in effect on the date of expiry for an additional one (1) year term and a new Termination Date will be automatically established unless the City gives Forbes timely notice of non-renewal. The City must give Forbes written notice of non-renewal at least three (3) calendar months prior to the initial Termination Date or any succeeding Termination Date.
- C.** Nothing in this Agreement shall prevent, limit, or otherwise interfere with the right of the City Council to terminate the services of Forbes at any time, with or without cause, subject to the provisions of V of this Agreement and any applicable provisions of the Sausalito Municipal Code.
- D.** Nothing in this Agreement shall prevent, limit or otherwise interfere with the rights of Forbes to resign at any time from her position with the City, subject only to the provisions set forth in Section V of this Agreement.
- E.** Forbes agrees to remain in the exclusive employ of the City, and shall not become employed by any other employer, until this Agreement is terminated by the City according to the provisions set forth in Section V, paragraph A, or is terminated by Forbes in accordance with Section V, paragraph C.

SECTION III. COMPENSATION

- A.** Base Compensation. As of the Effective Date, City agrees to pay Forbes an annual base salary of Two Hundred Seventy Five Thousand dollars (\$275,000.00) payable in installments as other department managers of the City and in accordance with established City procedures.
- B.** Performance Evaluation. City agrees it will conduct an annual performance review of Forbes between May 1 and June 30 each year, subject to any extension of time by mutual agreement. The City Council and Forbes shall jointly define such goals

and performance objectives which they determine necessary for the proper operation of the City in the attainment of the City Council's policy objectives, and the City Council and Forbes shall establish the relative priority among those various goals and objectives. The prioritized policy objectives shall be reduced to writing, thereby forming the basis of Forbes's annual evaluation. Said goals and objectives shall be obtainable generally within the time limits as specified in the annual operating and capital budgets and appropriations approved by the City Council.

- C. Annual Salary Review. City agrees it will conduct an annual salary review in concert with an annual performance review of Forbes between May 1 and June 30 of each year, subject to any extension of time by mutual agreement. Effective July 1, 2027, and annually thereafter, City agrees to consider whether to provide Forbes with the same cost-of-living adjustment, if any, that is given to other exempt City employees.
- D. Salary Increases. Following the annual performance evaluation and the annual salary review set forth above, the City Council may increase Forbes's base salary and benefits package based on the results of those annual reviews. Any adjustments in the base salary and/or benefits following the annual performance evaluation shall be at the sole discretion of the City Council.
- E. Performance Incentive. Forbes shall be eligible for a performance bonus annually based on the City Council's determination that Forbes has significantly exceeded the mutually established and quantifiable performance objectives. To be eligible for a performance bonus, Forbes shall work with the City Council to set quantifiable performance goals in advance of the annual performance review period, and any performance bonus shall be at the sole discretion of the City Council and shall not exceed \$10,000 annually.
- F. Auto Allowance. The City shall pay to Forbes the sum of One Thousand, Two Hundred Fifty (\$1,250) per month as an automobile allowance.

SECTION IV. LEAVE AND FRINGE BENEFITS

- A. City agrees to pay for comprehensive medical, optical, dental, life, and long-term disability insurance for Forbes and her dependents upon the same conditions as other employees generally. City agrees to pay for California Public Employees' Retirement System ("CalPERS") on behalf of Forbes at the same rate and upon the same conditions as other employees generally, which currently includes City's payment of the CalPERS employer contribution. City agrees that Forbes qualifies as a "Classic Member" (2% at 55 formula) under CalPERS. The City will pay contributions per the City of Sausalito Compensation and Benefits Plan for The Non-Represented Employee Groups, July 1, 2023 – June 30, 2026, or any successor compensation plan applicable to department managers (the "Plan").
- B. Forbes will receive a City Cafeteria Plan contribution and be able to purchase health, dental, and long term disability and other benefit coverages in the same

manner as prescribed for the City's department managers, including City contributions toward the cost of coverage, per the Plan.

- C. Forbes will receive vacation, administrative and sick leave, and holidays at the same rate as other department managers, per the Plan, provided, however, that Forbes will receive an initial bank of sick leave of 40 hours and vacation leave of 80 hours upon hire, and to offset for such initial banks of leave, will not otherwise begin accruing sick leave until November 1, 2026, or vacation leave until January 28, 2027. Forbes shall accrue administrative leave at the same rate applicable to the Assistant City Manager position.
- D. All provisions of City ordinances and regulations and rules of City relating to holidays, administrative leave, retirement programs, and working conditions as they now exist or hereafter may be amended, also apply to Forbes in the same manner as other employees of City in addition to said benefits enumerated specifically for the benefit of Forbes, except as herein provided.
- E. To promote employee retention and incentive high performance of City employees, the City Council agrees to provide the City Manager with an employee merit bonus and retention incentive pool of up to \$50,000 per fiscal year to be used at the discretion of the City Manager for additional merit and retention incentives. No funds from this pool shall be paid to the City Manager.

SECTION V. TERMINATION AND SEVERANCE PAY

- A. Forbes shall serve at the will and pleasure of the City Council. The City may terminate this Agreement at any time with or without cause, consistent with the procedures set forth in this Agreement and any applicable provisions of the Sausalito Municipal Code in effect on the date of termination. The City's right to terminate Forbes shall not be subject to or in any way limited by past City practices related to the employment, discipline or termination of the City's employees. Forbes is subject to termination at-will and is not entitled to any process, notice, or cause prior to or after termination. Nothing herein shall be construed to create a property interest, where one does not exist by rule of law in the position of City Manager. Nothing in this Agreement is intended to, or does, confer upon Forbes any due process right to a hearing before or after a decision by the City Council to terminate her employment as City Manager, except as is expressly provided by operation of local ordinance, State or federal law.
 - 1. Termination for Cause. The City may terminate this Agreement for cause at any time. The term "cause" shall be defined to include any misconduct materially related to performance of official duties, including but not be limited to any of the following: 1) breach of this Agreement, 2) willful or persistent material breach of duties, 3) résumé fraud or other acts of material dishonesty, 4) unauthorized absence or leave, 5) conviction of a misdemeanor involving moral turpitude (i.e., offenses contrary to justice, honesty, or morality), conviction of a misdemeanor DUI or conviction of a

felony, 6) violation of the City's anti-harassment policies and/or a finding that legally prohibited personal acts of harassment against a City official or employee or legally prohibited personal acts of discrimination against a City official or employee has occurred, 7) violation of the SMC, ordinances, rules, and regulations, including, but not limited to, the City's Rules and Regulations of the Personnel System and administrative policies, 8) use or possession of illegal drugs, 9) engaging in conduct tending to bring embarrassment or disrepute to the City, 10) any illegal or unethical act involving personal gain, 11) repeated or willful and intentional failure to carry out legally constituted directions or policy decisions of the City Council, and 12) gross misfeasance or gross malfeasance. The City may, in its discretion, place Forbes on paid or unpaid administrative leave until resolution of any criminal charges brought against Forbes. If the City terminates for cause this Agreement and the services of Forbes hereunder, the City shall have no obligation to pay Forbes any severance.

2. Termination by City Without Cause. City may terminate this Agreement without cause pursuant to the provisions of this Agreement. In the event Forbes is involuntarily terminated by the City Council without cause during such time that Forbes is willing and able to perform her duties under this Agreement the City agrees to pay a lump sum severance payment as set forth in paragraph B. Termination as used in this paragraph will also include: (1) a request by the City Council that Forbes resign, which causes her to resign (2) a reduction in salary below that required by this Agreement or, except as generally applicable to the rest of the City's management employees, or (3) the elimination of the City Manager position.

- B. In accordance with Section III, paragraph A.2 above, upon termination by the City, and upon Forbes's agreement to waive all rights to further claims, remedies, or legal action against the City, its officers, and employees, Forbes shall be entitled to a lump sum cash payment equal to three (3) months' annual base salary. Also, in such event, and in addition to the lump sum payment, the City will provide for continuance of Forbes' health and other related insurance benefits provided for in this Agreement for three (3) months. However, this provision shall be subject to Government Code section 53260 et seq., and therefore the maximum cash settlement that Forbes may receive as severance shall be an amount equal to the monthly base salary multiplied by the number of months left on the unexpired term of the Agreement and continuation of health benefits for the same period as the severance period. In the event Forbes is terminated because of her conviction of any illegal act involving personal gain or is convicted of any felony or any misdemeanor involving moral turpitude (except minor traffic offenses), then the City shall have no obligation to pay the aggregate severance sum designated in this paragraph or to provide health and other insurance benefits. Forbes shall be paid for all accrued and unused annual leave balances.
- C. If Forbes desires to resign her position with the City, she will provide the City with

at least ninety (90) days written notice. In the event Forbes resigns her employment with the City, Forbes shall not be entitled to any severance pay. In such event, the City will only pay Forbes for all compensation earned, but unpaid, for actual work performed, calculated at base pay in effect at the effective date of termination. However, Forbes shall be paid for all accrued and unused annual leave balances.

- D.** Pursuant to Government Code section 53243 et seq., if Forbes is convicted of a crime involving an abuse of her office or position, all of the following shall apply: (1) if Forbes is provided with administrative leave pay pending an investigation, Forbes shall be required to fully reimburse such amounts paid; (2) if City pays for the criminal legal defense of Forbes (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Forbes shall be required to fully reimburse such amounts paid; and (3) if this Agreement is terminated, any cash settlement related to the termination that Forbes may receive from City shall be fully reimbursed to City. For this Section, abuse of office or position means either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) a crime against public justice, including a crime described in Title 7, commencing with section 92, of the Penal Code.
- E.** All benefits to which Forbes is entitled under this Agreement will cease upon termination or resignation in accordance with this Section, unless expressly continued under other provisions in this Agreement, under any specific written policy or benefit plan applicable to Forbes, or unless otherwise required by law.
- F.** Upon termination for any reason or resignation, Forbes agrees that all property, including, without limitation, all equipment, tangible Proprietary Information (as defined below), documents, records, notes, contracts, and computer-generated materials furnished to or prepared by him incident to her employment belong to City and shall be returned promptly to City upon conclusion of employment. Forbes' obligations under this subsection will survive the termination of her employment, and the expiration of this Agreement.

SECTION VI. OTHER TERMS AND CONDITIONS

- A.** Power to fix additional duties. The City Council shall fix any other terms and conditions of employment, as it may determine from time to time, relating to performance of Forbes, provided such terms and conditions are not inconsistent with or in conflict with the provisions of this Agreement, the Sausalito Municipal Code, or any other applicable laws.
- B.** Bonding. The City will bear the full costs of any fidelity or other bonds required of Forbes (if any) under any law or ordinance by virtue of employment as the City Manager.
- C.** Office. The City will provide Forbes with a private office, staff, office equipment, computers, cellular phones, supplies, and other facilities and services adequate for the performance of the duties of the position, consistent with those provided to other

department managers of the City.

- D. Use of City Information. During her employment by City, Forbes will use Proprietary Information, and will disclose Confidential Information, only for the benefit of City and as is or may be necessary to perform her job responsibilities under this Agreement. Following termination of her employment, Forbes will not use any Proprietary Information. "Proprietary Information" is all information and any idea pertaining in any manner to the business of City (or any City affiliate), its employees, clients, consultants, or business associates, which was produced by any employee of City in the course of employment or otherwise produced or acquired by or on behalf of City. Proprietary Information will include, without limitation, trade secrets, product ideas, inventions, processes, formulae, data, know-how, software and other computer programs, copyrightable material, marketing plans, strategies, sales, financial reports, forecasts, and customer lists. All Proprietary Information not generally known outside of City's organization, or which has become known only through improper means or unlawful disclosure, will be deemed "Confidential Information."
- E. Remote Work. Forbes will be entitled to occasional remote work with reasonable flexibility, provided it does not interfere with the performance of job duties. Forbes shall keep the City Council informed of any remote work schedule and ensure that her in-person availability aligns with the needs of the organization and community. Remote work arrangements may be limited by the City Council at its discretion, including but not limited to if the Council determines that additional physical presence is necessary for proper management of City administration or to meet the needs of the organization and community.
- F. Indemnification. Subject to the provisions and limitations of the California Government Claims Act (Government Code Section 825 et seq.), City will indemnify, defend, and hold Forbes harmless from and against any action, demand, suit, monetary judgment or other legal or administrative proceeding, and any liability, injury, loss or other damages, arising out of an act or omission occurring within the scope of her employment. The City's duties under this paragraph are contingent on Forbes making a written request for defense promptly upon notice of legal action, and cooperation in good faith in the defense of the action. This paragraph is not intended to create greater rights to Forbes than provided under applicable state law, require payment by the City of punitive damages, or limit the City's ability to provide defense under a reservation of rights.

SECTION VII. GENERAL PROVISIONS

- A. Integration. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of Forbes and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. The foregoing notwithstanding, Forbes acknowledges that, except as expressly provided in this Agreement, her employment is subject to the City's generally applicable rules and

policies pertaining to employment matters, and all related state, federal, and local mandates applicable to local government and municipalities including, but not limited to those addressing workplace safety, equal employment opportunity, sexual illegal harassment, discrimination, retaliation, bullying, and violence in the workplace.

- B.** Notices. All notices, requests, demands and other communications under this Agreement will be in writing. and will be effective immediately upon delivery by hand to either the City or Forbes, or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to City at the address below, and or at the last known address maintained in Forbes' personnel file. Forbes agrees to notify City in writing of any change in her address during her employment with City. Notice of change of address will be effective only when accomplished in accordance with this Section.

City:

City of Sausalito
Attn: Mayor and City Council
420 Litho Street
Sausalito, CA94960
Cc: City Attorney

Forbes:

Address in Personnel File

- C.** Binding on Successors. This Agreement shall be binding upon and inure to the benefit of the heirs at law and executors of Forbes.
- D.** Amendments in Writing. This Agreement may be amended only in writing by mutual agreement of the City and Forbes. Each party waives their future right to claim, contest or assert that this Agreement was modified, cancelled superseded or changed by any oral agreement, course of conduct, waiver or estoppel.
- E.** Non-waiver. Failure to exercise any right under this Agreement will not constitute a waiver of such right.
- F.** No Assignment. No party will assign any rights or obligations under this Agreement.
- G.** Governing Law. This Agreement will be governed by and construed in accordance with the laws of the State of California.
- H.** Revolving Door. Employee shall comply with Government Code section 87406.3 for a period of one year after separating from service with City. This section will survive termination of this Agreement.

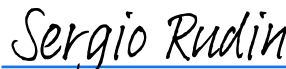
- I.** Interpretation. This Agreement will be construed as a whole, according to its fair meaning, and not in favor of or against any party. By way of example and not as a limitation, this Agreement will be assumed to be a product of joint drafting and shall not be construed in favor of the party receiving a benefit nor against the party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement.
- J.** Opportunity for Review by Counsel. Forbes acknowledges that she has had the opportunity to consult legal counsel in regard to this Agreement, that she has read and understands this Agreement, that she is fully aware of its legal effect, and that she has entered into it freely and voluntarily and based on her own judgment and not on any representations or promises other than those contained in this Agreement.
- K.** Severability. If any provision, or any portion thereof, contained in this Agreement is held to be unconstitutional, invalid or unenforceable the remainder of this Agreement, or portion thereof, shall be deemed severable, and shall not be affected and shall remain in full force and effect.

IN WITNESS WHEREOF, the City has caused this Agreement to be signed and executed on its behalf by its Mayor, and approved as to form by its City Attorney, and Forbes has signed and executed this Agreement, both in duplicate, as of the date first written above.

City:

By: 
Steven Woodside (May 11, 2026 14:53:12 PDT)
Steven Woodside, Mayor

Approved as to Form:

By: 
Sergio Rudin (May 12, 2026 13:37:43 PDT)
Sergio Rudin, City Attorney

Forbes:

Elaine Forbes

By: Elaine Forbes (May 12, 2026 22:39:34 PDT)

Elaine Forbes